

Exhibit 12

From: "Moran, Kieran" <KMoran@sompo-intl.com>
Sent: Thu, 31 Jan 2019 09:58:04 -0600 (CST)
To: "Beggs, Brian" <bbeggs@sompo-intl.com>; "Sentman, Jeremy" <JSentman@sompo-intl.com>
Subject: FW: Justice/Sompo
Attachments: ATT00001.htm;Response_Jan_30.pdf

Blinked!! This is great news. Jeremy is aware of the terms. Call me when you have a moment to discuss.

My only real issue with their requested change is the 20% collateral at the liquidity event...I think we should stay with a flat number of \$20MM but re-assess once we have the engineering reports.

Our thought process is to amend the March agreement as it is a comprehensive working document and far less cumbersome than the array of random indemnity agreements floating around.

KJM

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SOMPO INTERNATIONAL

From: Diers, Clinton [mailto:clint.diers@MarshMMA.com]
Sent: Thursday, January 31, 2019 9:38 AM
To: Moran, Kieran
Subject: Fwd: Justice/Sompo

EXTERNAL SENDER

Per our discussion

Clint J. Diers, SVP - Surety
Marsh & McLennan Agency LLC
[4900 Libbie Mill East Boulevard, Suite 100 Richmond, VA 23230](#)
[804 915 5624](#) | Mobile [804 363 1171](#)
clint.diers@marshmma.com

Begin forwarded message:

From: Steve Ball <steve.ball@bluestoneindustries.com>
Date: January 30, 2019 at 7:58:23 PM EST
To: kmoran@sompo-intl.com, clint.diers@marshmma.com

Cc: Jay Justice <jj3@bluestoneindustries.com>

Subject: Justice/Sompo

Kieran & Clint: It has taken us a couple of days to get everyone on our side on board with your asks/proposal. Several of these are big gives on our part, the \$20 million is HUGE. There is also some apprehension on the \$250,00 and the \$200,000 monthly. Increasing the Governor's exposure was not received well, but I explained it is not an increase as long as we adhere to the agreement. Attached are a couple of tweaks which I would expect that you are ok with. Let me know if you are agreeable to move forward. Thanks, Steve

Stephen W. Ball
Vice President & General Counsel
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Roanoke, VA 24011
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We have tentative approval to issue the additional \$3.3MM of bonds under the following conditions – all to occur prior to bond issuance:

- Receipt of \$650,000 as an additional payment for outstanding premiums (this payment is in addition to the other installment payments received):
 - o \$500,000 received October 2, 2018
 - o \$500,000 received October 26, 2018
 - o \$345,000 received January 11, 2018
- They agree to build-up \$250,000 per month in collateral build-up due at the first of the month up and until the liquidity event—Agreed, however we need some flexibility to pay throughout the month, may make multiple payment throughout the month but the full amount will be paid each month.
- They agree to pay \$200,000 per month for premium payments, until such time as the equipment is liquidated and/or all premiums are current---Agreed, same as above. We need some flexibility to pay throughout the month but the full amount will be paid each month.
- Gov. Justice's personal indemnity is increased to \$15MM now with an immediate step-up to ~~\$25MM~~\$20MM, in the event any collateral payment or premium payment is not paid on time—Agreed with the adjustment to the increase. For purposes of what is current on premium payments, 60 days will be deemed current on premium payments, the \$200,000.
- Collateral from the liquidity event will be provided to Somo in the amount of \$20MM (net of any cash build-up provided to Somo, prior to the liquidity event). The collateral will be 20% of the bond value and can be adjusted downward if the bond exposure is less than the face amount of the bonds in which case the 20% should be based on the bond exposure as determined by the engineering report.
- A third-party engineering firm will be contracted to assist Somo in confirming the asset reserves and reviewing the reclamation exposure:
 - o Provide an assessment of reclamation work completed under our permits
 - o Provide an estimated cost to complete of the open reclamation work covered by our open bonded permits
 - o Create a time-line/schedule for the run-down of bonded liability
 - o Provide an assessment in the valuation of asset reserves on a per permit/mine complex basis

- Reduction of existing bonds by approximately \$2.5MM. Just need to clarify that this reduction is in conjunction with the bond exchange (i.e. the new bonds being issued).

parties acknowledge there will be needs in the future and the parties agree to work together on such needs provided the terms for such bonds are mutually agreeable.

We will commit to review the above terms upon receipt of the results of the third party engineering reports and upon completion of the liquidity event.

Please note, it appears the \$650M premium payment was received on 1/25/19 - we are verifying that with our finance group.